

# Easing Economic Risks And Structural Profitability Issues Prompt Rating Actions On Seven Austrian Banks

June 24, 2021

- In our assessment, economic risks facing Austrian banks due to COVID-19 have receded and the residual risks to the banking sector will remain manageable.
- At the same time, we see a dual challenge to profitability from shrinking domestic net interest margins amid low interest rates, and the steady increase in the operational cost base for most banks; together, these pose a medium-term risk to banking system stability.
- We therefore affirmed our ratings and maintained our negative outlooks on the Austrian banks we see as most sensitive to domestic market profitability pressures.

FRANKFURT (S&P Global Ratings) June 24, 2021--S&P Global Ratings today said it affirmed its ratings on seven Austrian banking groups:

- Bausparkasse Wuestenrot AG
- Hypo Tirol Bank AG
- Hypo Vorarlberg AG
- HYPO NOE Landesbank fur Niederosterreich und Wien AG
- Oberoesterreichische Landesbank AG
- Oberbank AG
- UniCredit Bank Austria AG

The outlook remains negative for Bausparkasse Wuestenrot AG, Hypo Tirol AG, Hypo Vorarlberg AG, Oberoesterreichische Landesbank AG, Oberbank AG, and UniCredit Austria AG because we think these banks might be negatively affected by the issues facing structural domestic banking profitability.

The outlook remains stable for HYPO NOE because we expect that support for this government-related entity will buffer against the pressure on the stand-alone credit profile.

## Webinar

S&P Global Ratings will be hosting a live webinar on June 29, 2021 (9:00 a.m. EDT; 2:00 p.m. BST; 3:00 p.m. CEST) to discuss our views on European Banks. For more details, please visit:

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**In April 2020, we revised to negative our outlooks on the Austrian banks we saw as potentially most vulnerable to the effects of the domestic economic downturn linked to the pandemic.**

This included the majority of the sector, but excluded players like Erste Group Bank AG and Raiffeisen Bank International AG, because we anticipated that they would likely remain resilient to the domestic headwinds. Still, we revised our outlook on Erste Group to stable from positive and on Raiffeisen Bank to negative from stable, primarily reflecting increased tail risks in their foreign operations. Our base-case expectation for the resilience of these two groups is unchanged and the ratings and outlooks are outside the scope of this review. The same apply to the ratings on Kommunalkredit AG, which we assigned in February 2021.

**The affirmations reflect our view that the economic risks facing Austrian banks due to COVID-19 and associated containment measures have eased.**

We remain mindful that nonperforming loans (NPLs) could increase into 2022 as fiscal support measures are gradually withdrawn, but we believe that the residual impact on the banking system is likely to be manageable. We expect that the private sector's financial health will not deteriorate materially and that the increase in corporate bankruptcies and unemployment will be contained due to the slow and gradual phase-out of government support to most affected industries coupled with the ongoing recovery. Austria's 6.6% GDP contraction in 2020 turned out to be deeper than that of many other European economies, reflecting the economy's higher share of tourism and related service industries. After the sharp downturn due to the COVID-19 pandemic in 2020, we anticipate a rebound of 2.5% in 2021, 3.2% in 2022, and 2.0% in 2023, by which time the economy should reach its pre-pandemic levels.

**In our view, an increase in private sector leverage in 2020 from growth in both household and corporate debt will not meaningfully increase credit risk in the economy.** This is because we expect:

- Economic recovery will aid the private sector's income levels.
- At around 50% of GDP, household indebtedness remains low among peer group banking systems with similar overall level of credit risk in the economy, such as the U.S., the Netherlands, or Spain. Household wealth also remains high, with financial assets owned by households being 3x their financial debt.
- While Austrian corporate debt at about 110% of GDP is relatively high, we see the sector as sufficiently robust and diversified.

**Due to the material increase in risk costs, central bank data show consolidated return on assets (ROA) decreased to 0.4% in 2020 from 0.7% in 2019.**

While domestic NPLs have not increased, we think they are likely to increase over 2021-2022 to 2.5% from the current 1.5%, as governmental support measures end. Given the provisioning made in 2020 and continued economic recovery, we expect risk costs to decrease through end-2022 for most banks but remain elevated compared to the lows of the pre-pandemic years, keeping banks' earning subdued. We expect the sector's ROA to return to 0.6%-0.7% only by 2023. We are mindful that our base-case scenario remains subject to risks from the pandemic's economic and financial market implications of the COVID-19 pandemic and progress in vaccination.

**Despite our revision of the economic risk trend to stable, most Austrian banks ratings remain on negative outlook because of structural profitability issues.**

We think that risks to the banking system stability could increase unless Austrian banks speed up their efforts to improve efficiency, with focus on both stringent cost management and revenue expansion, specifically in fee-generating operations. We think that if the Austrian banking regulator were to establish a more demanding stance to support the banking groups' transition to improve structural profitability and increase digitalization, this might add to the transformative momentum.

**The material dip in the banking sector's performance in 2020 highlighted many banks' low efficiency and only marginal profitability when risk costs rise, leaving the sector vulnerable to prolonged adverse scenarios.**

We anticipate limited improvement in preprovision profitability due to depressed net interest margins amid low interest rates, coupled with a likely steady increase in banks' cost bases. This could pose a greater risk to the banking system's stability unless banks embark on more radical transformation to seize the efficiency opportunities from digital banking amid shifting customer preferences. As a result, we revised the industry trend to negative from stable. Relatively strong lending growth has so far supported banks' interest income at a broadly stable level, offsetting the impact of shrinking margins over the past several years, but if lending growth decelerates to a level more in line with GDP growth, banks will likely see interest income pressure. This constitutes about two-thirds of bank operating income, which could translate into a material impact on the bottom line. Also, we are mindful that ultra-low margins could impede banks' ability to generate adequate risk-based pricing on new lending, which might result in higher risks costs and higher sensitivity to downturns over the cycle.

**While there are some notable positive outliers, most banks' efficiency metrics remain weak.**

At 67%, the consolidated system's cost-to-income ratio remains poor in a broad European context. Efficiency is materially weaker for the domestic operations' average--which is the focus of our risk assessment--as the consolidated data benefits from high efficiency of the large banks' foreign activities, which contribute to about a quarter of total banking assets and where the cost-to-income ratio remains at around 50%. Banks' operating cost bases has typically risen over the past few years, reflecting increasing needs for investments in IT and modernization as well as regulatory costs. Structural sector impediments, such as still-dense branch networks, legacy IT systems, and decentralized structures, have so far prevented banks from material improvements on the cost side. We believe these remain the key obstacles to banks' efforts to embrace scale benefits and digital opportunities to unleash the full potential of new technologies.

**On the positive side, we believe that risks to the banking system from tech disruption will be contained, mainly because consumers' preferences are still conservative.**

Most consumers in Austria still favor walk-in banks and cash payments, which is buying banks time to upgrade their digital front-end solutions and back-end infrastructure. Nevertheless, we foresee the potential for increased competition as the use of technology proliferates. The COVID-19 pandemic is a catalyst for the transformation of customer preferences. Austrian banks' business models will therefore increasingly rely on further improvements of operational efficiency and a lean and modular information technology setup that enables them to respond quickly to changes in trends and expand into adjacent services.

Even if we subsequently took a more negative view of banking system stability, leading to a downward revision in our anchor, our starting point for rating domestically focused Austrian banks, to 'bbb+' from 'a-', our ratings on individual banks would continue to reflect the extent to which we see them as affected by this development.

## Bausparkasse Wuestenrot AG

Primary credit analyst: Gabriel Zwicklhuber

We have maintained our negative outlook on Bausparkasse Wuestenrot AG mostly because we expect ultra-low interest rates will continue to significantly challenge the banking subgroup's operating profitability. Although we believe domestic economic risk has receded, the bank's low earnings buffer leaves limited headroom to counter adverse developments. We believe management needs to execute planned short- and medium-term measures to maintain the competitiveness and long-term sustainability of Bausparkasse's operations.

### Outlook

The negative outlook reflects our view that the bank's business model faces considerable challenges from prolonged low interest rates and the risk that Bausparkasse Wuestenrot AG's strategic measures might be insufficient to balance the strain on operating profitability. We also expect insurance operations will remain integral to the group and continue contributing to its business strategy with stable earnings.

**Downside scenario:** We could lower our ratings on Bausparkasse Wuestenrot AG within the next two years if the bank insufficiently executed planned measures to balance setbacks from low interest rates, otherwise failed to improve its operating profitability, or profitability pressure in the Austrian banking sector increased further, leading to higher industry risk. We could also lower the ratings if the bank's intrinsic role in the group is reduced. We see this scenario as unlikely, however.

**Upside scenario:** We could revise the outlook to stable in the next two years if Bausparkasse Wuestenrot AG adjusts its business model to mitigate the low interest rates, supporting sustainable operating profitability, and risks to the Austrian banking system stability recede.

## HYPO NOE Landesbank fur Niederosterreich und Wien AG (HYPO NOE)

Primary credit analyst: Gabriel Zwicklhuber

We have maintained our stable outlook on HYPO NOE mostly because of the bank's comparably lower risk lending profile, very strong capital buffers, recent improvements in efficiency and a high likelihood of extraordinary support from Lower Austria (AA/Negative/A-1+), its 100% owner. This should also support the bank's ability to absorb any residual impact from the pandemic-triggered downturn, although we expect the remaining impact to be lower than most peers due to its main business focus on public sector-related lending. We regard the bank as a government-related entity (GRE), so the ratings are also sensitive to Lower Austria's creditworthiness.

### Outlook

The stable outlook reflects S&P Global Ratings' view that HYPO NOE will maintain very strong capital and moderate bottom-line profitability with contained loan losses.

**Downside scenario:** We could lower our ratings within the next two years if we lower our rating for Lower Austria, and:

- We see the negative trend on the industry risk for Austrian banks materializing, leading to higher industry risk and, as a result, a lower anchor for Austrian banks; or
- We expect risk-adjusted capitalization to fall below 15%, for example, following higher-than-expected credit losses or a shift toward higher-risk underwriting.

While less likely, a change in HYPO NOE's role for or link with the state could lead us to reassess the bank's status as a GRE and result in a downgrade.

**Upside scenario:** We could raise our rating on HYPO NOE if it continued to improve its operational performance while maintaining a low-risk posture in its strategy and very strong capital, including an S&P Global Ratings risk-adjusted capital (RAC) sustainably above 15%. However, in such a scenario, we would only raise the rating if we considered HYPO NOE's creditworthiness to be in line with that of higher-rated peers, which is unlikely over the next two years. Any positive rating action would also depend on a stabilization of the industry risk trend and a stable outlook on Lower Austria.

## Hypo Tirol Bank AG

Primary credit analyst: Harm Semder

Our rating outlook on Hypo Tirol Bank AG remains negative because we believe that the bank continues to face downside risks in light of its poor operating efficiency and low profitability fairly representative of similar weaknesses in the Austrian banking sector.

### Outlook

The negative outlook reflects S&P Global Ratings' view that risks to the Austrian banking sector's stability might increase amid persistent structural profitability issues over the next two years. We anticipate Hypo Tirol's earning buffer will remain relatively meager in the medium term, reflecting stress on interest revenue and investment needs to improve efficiency and digitalization. We believe management's digitalization strategy needs to further progress to ultimately narrow the gap in net profits and costs compared with those of many domestic and international peers.

**Downside scenario:** We might lower our long-term rating on Hypo Tirol Bank AG by one notch over the next two years if we concluded that industry risk has increased in Austria on structural profitability issues. Similarly, we could lower our rating if we see a material setback to profitability and asset quality at the bank, for example from unexpectedly large asset quality problems.

We consider the bank a GRE, and the ratings are sensitive to that on the parent, the State of Tyrol (AA+/Negative/A-1+), on which we have a negative outlook. However, the rating on the parent would need to move by two notches to trigger a downgrade of the bank, which we consider highly unlikely.

While less likely, a change in Hypo Tirol's role for or link with the state could also lead us to reassess the bank's status as a GRE and result in a downgrade.

**Upside scenario:** We could revise the outlook to stable over the next two years if we saw a stable industry risk trend for the Austrian banking sector. We would also look for Hypo Tirol to demonstrate resilience to the pandemic's remaining effects and further improvements in its risk, efficiency, and profitability metrics.

## Hypo Vorarlberg Bank AG

Primary credit analyst: Harm Semder

Our outlook on Hypo Vorarlberg Bank AG remains negative because we think that, despite its better than average operating efficiency, the bank cannot escape structural profitability pressures on the Austrian banking industry.

We regard the bank as a GRE, so the ratings are also sensitive to those on the State of Vorarlberg (AA+/Negative/A-1+).

### Outlook

The negative outlook reflects S&P Global Ratings' view that industry risk could increase for the Austrian banking sector following structural profitability strain in the coming two years. The outlook further reflects that on the bank's owner, the State of Vorarlberg.

**Downside scenario:** We might lower our long-term rating on Hypo Vorarlberg Bank AG by one notch over the next two years if we concluded that industry risk has increased in Austria, which would lead to revise our anchor for Austrian banks to 'bbb+' from 'a-'.

Similarly, we could lower our rating on Hypo Vorarlberg if the bank's RAC ratio dropped sustainably below 10%, contrary to our expectation.

We would also likely to lower the ratings if we lowered the ratings on the State of Vorarlberg.

While less likely, a change in Hypo Vorarlberg AG's role for or link with the state could also lead us to reassess the bank's status as a GRE and result in a downgrade.

**Upside scenario:** We could revise the outlook to stable over the coming two years if we saw a stable industry risk trends for the Austrian banking industry and revised our outlook on the state owner.

## Oberbank AG

Primary credit analyst: Benjamin Heinrich

We have maintained Oberbank AG on negative outlook. We believe pressure on the bank's asset quality has declined, its franchise strength and pricing power remain intact, and the bank is likely to widely defend its relatively efficient cost structure in the medium term. However, we also expect that Oberbank will not be immune to industry risks, and its profitability and credit profile could be affected by persistent pressure on interest income from low interest rates and the need for significant investment into digital capabilities to meet shifting customer demands. In assessing the bank's structural core profitability, we exclude sizable income from its larger equity holdings.

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Oberbank AG is the only bank in Austria benefiting from a rating uplift due to additional loss absorbing capacity (ALAC), which provides a material buffer for protection of senior unsecured investors in resolution. According to our calculations, we project that the bank's ALAC buffers will exceed 5% of its risk-weighted assets through 2021, from 4.25% at year-end 2020. Following Oberbank's ongoing issuances of senior nonpreferred and ALAC-eligible Tier 2 capital instruments, the bank's maturity profile is now longer dated and better distributed than in the past. As a result, we now use an adjusted ALAC threshold of 400 basis points (bps) for the first notch from previously 500 bps. We continue to lower the threshold by 100 bps to compensate for its sizable equity investments not being recapitalized in a resolution. Also, we set the threshold for the second notch of uplift to 700 bps. However, in such a scenario, we would only raise the rating if we considered Oberbank's creditworthiness to be in line with that of 'A+' rated peers. This is highly unlikely given the bank's regional concentration.

### Outlook

The negative outlook reflects risks for Austrian banking sector stability amid persistent structural profitability issues and our view that these could weigh on Oberbank AG's creditworthiness.

**Downside scenario:** We might lower our long-term rating one notch over the next two years if we concluded that industry risk for the Austrian banking sector has increased, which would lead to a revision of our anchor for Austrian banks to 'bbb+' from 'a-'. We would lower the ratings on the bank unless the bank manages to protect its profitability and cost-efficiency in its core banking operations, and can withstand the structural challenges in the Austrian banking industry materially and sustainably better than its peers.

We would also downgrade Oberbank AG if its capital buffer deteriorated, with the RAC ratio falling below 10%, for example because of offering more risky products, strong growth into regions with higher risks than Austria, or tail risk in its equity holdings that could harm the bank's risk profile or materially increase its capital consumption.

Although less likely, we would also lower the rating if we expected the bank's ALAC buffer would drop below our 4% threshold.

**Upside scenario:** We could revise the outlook to stable if we considered that risks to the Austrian banking industry's stability were receding. We could also revise the outlook to stable if Oberbank AG delivered a strong track record of materially and sustainable outperformance compared with peers with regard to efficiency and domestic profitability, commensurate with the rating level. We consider the latter, however, unlikely.

## Oberoesterreichische Landesbank AG (Hypo OÖ)

Primary credit analyst: Gabriel Zwicklhuber

Our outlook on Hypo OÖ remains negative because we believe the bank continues to face downside risks in light of its low profitability and weak operating efficiency, leaving the bank more vulnerable to adverse developments than peers with higher income buffers. Hypo OÖ recently announced its new strategy that specifically targets performance improvements under its new CEO. The strategy could bring financial performance closer to that of similarly rated peers, which we view as credit-positive. However, we expect tangible improvements only in the medium term, and believe a competitive market environment and increased need to digitalization pose

challenges to revenue and cost targets.

Our ratings on the bank, which we view as a GRE, are also sensitive to the negative outlook on its majority owner, Upper Austria (AA+/Negative/A-1+), because a lowering of our ratings on it would very likely be followed by a downgrade of the bank.

### Outlook

Our negative outlook on Hypo OÖ reflects the negative outlook on Upper Austria, and our view of increasing profitability pressure in both the Austrian banking system and at the bank.

**Downside scenario:** We could lower our ratings within the next two years if Austrian banking industry risk increased, or if we expected our RAC ratio for Hypo OÖ to deteriorate toward or below 10% due to, for example, increased credit losses or lower operating profitability. In addition, a downgrade of Upper Austria would trigger a negative rating action on Hypo OÖ. While less likely, a change in Hypo OÖ's role for or link with the state could also lead us to reassess the bank's status as a GRE and result in a downgrade.

**Upside scenario:** We could revise the outlook on Hypo OÖ to stable within the next two years if:

- We revised the outlook on Upper Austria to stable; and
- Structural profitability pressures for the Austrian banking industry eased.

An outlook revision to stable would be subject to the bank executing its strategy to improve core profitability in the medium term, ensuring meaningful loss-absorbing buffers and supporting the sustainability of its business model.

## UniCredit Bank Austria AG

Primary credit analyst: Cihan Duran

Our outlook on UniCredit Bank Austria AG remains negative amid remaining uncertainty on the group's resolution strategy. Also, the ultra-low interest rate environment continues to significantly affect banks' profitability. Although we believe domestic economic risk has receded, the bank's relatively low profitability, efficiency, and earnings buffer leaves limited headroom to manage adverse developments.

The main risk to UniCredit Austria AG's creditworthiness, in our view, remains the implementation of a planned single point of entry resolution strategy for UniCredit SpA. We believe that, once implemented and considered effective, this strategy could lead us to align our view of UniCredit Austria's creditworthiness with UniCredit's group credit profile (GCP), which we assess at 'bbb'.

### Outlook

The negative outlook indicates that S&P Global Ratings could lower its ratings on UniCredit Austria AG once uncertainties on the UniCredit group's resolution strategy are resolved and the strategy implementation is sufficiently advanced. In addition, the negative outlook reflects our view of increasing profitability strain in the Austrian banking system, which could weaken the bank's financial risk profile.



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**Downside scenario:** We could lower the ratings on UniCredit Austria AG in the next two years if we concluded that the resolution approach for the UniCredit group means a unified, single process involving all entities, because this would alter our view that the prospects of stronger subsidiaries would be markedly different from those of the weaker parent. As a result, we would no longer rate UniCredit Austria AG above the parent, and therefore lower our ratings to the level of its parent, all other factors remaining equal.

Moreover, we could lower the ratings if we believed the bank faces risks in light of its low efficiency and low profitability, which is fairly representative of similar weaknesses in the overall Austrian banking sector.

**Upside scenario:** We would revise the outlook to stable in the next two years if it was clear that the European Banking Union's Single Resolution Board would employ separate resolution processes for the parent and subsidiaries, including UniCredit Austria AG.

An outlook revision to stable would also hinge on easing structural profitability pressure for the Austrian banking sector and UniCredit Austria AG's efforts to adjust its business model to the low interest rate environment, supporting sustainable operating profits.

## Other Austrian Banks

The ratings on Raiffeisen Bank International AG, Erste Group Bank AG and its Czech subsidiary Ceska Sporitelna a.s., and Kommunalkredit AG are outside this review's scope. We think the benefits of the improving economic forecast and risks to the domestic banking system competitive dynamics are already appropriately reflected in our ratings on these entities. Rating triggers for these groups are primarily idiosyncratic, given their material foreign operations or structural specifics, in particularly topics around resolution:

- The outlook on Erste Group Bank AG is stable, reflecting improving operating conditions in its core markets. Additional clarity on the resolution strategy, which would provide visibility that the bank would build up material bail-inable capital buffers over the medium term or an improved momentum in the internal capital build-up remain the main positive rating drivers for the group.
- The outlook on Raiffeisen Bank International AG remains negative, mainly reflecting challenges to the operating environment in its main foreign markets and the complexity of the overall Raiffeisen Banking Group's structure, which, in our view, result in material challenges to improve efficiency and profitability of domestic operations.
- Our outlook on Kommunalkredit AG remains stable. Main risks can stem from, for example, a delayed recovery, adversely affecting Kommunalkredit AG's most important markets, which can result in setbacks in the risk-adjusted profitability or asset quality. Further risks come from operational risks related to strong business growth.

## BICRA Score Snapshot\*

### Austria

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	To	From
<b>BICRA group</b>	2	2
Economic risk	2	2
Economic resilience	Very low risk	Very low risk
Economic imbalance	Low risk	Low risk
Credit risk in the economy	Intermediate risk	Low risk
Industry risk	3	3
Institutional framework	Intermediate risk	Intermediate risk
Competitive dynamics	Intermediate risk	Intermediate risk
Systemwide funding	Low risk	Low risk
<b>Trends</b>		
Economic risk trend	Stable	Negative
Industry risk trend	Negative	Stable

\*Banking Industry Country Risk Assessment (BICRA) economic risk and industry risk scores are on a scale from 1 (lowest risk) to 10 (highest risk). For more details on our BICRA scores on banking industries across the globe, please see "Banking Industry Country Risk Assessment Update," published monthly on RatingsDirect.

## Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Financial Institutions | Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Financial Institutions | Banks: Commercial Paper I: Banks, March 23, 2004

## Related Research

- Kommunalkredit Austria AG, May 14, 2021
- Diverse Rating Actions On European Banks Highlight The Importance Of Robust Business Models To Long-Term Resilience, Feb. 26, 2021
- Raiffeisen Bank International AG, Feb. 10, 2021
- Capital Resilience Alone Won't Stabilize European Bank Ratings In 2021, Feb. 3, 2021
- Low-For-Even-Longer Interest Rates Maintain Margin Pressure On European Banks, Feb. 2, 2021
- Lower And Later: The Shifting Horizon For Bank Credit Losses, Feb. 2, 2021
- Erste Group Bank AG, Dec. 14, 2020
- Outlook Revisions On Several Austrian Banks On Deepening COVID-19 Downside Risks, April 29, 2020

## Ratings List

### Ratings Affirmed

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#### Bausparkasse Wuestenrot AG

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Issuer Credit Rating	BBB+/Negative/A-2
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#### HYPO NOE Landesbank fur Niederosterreich und Wien AG

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Issuer Credit Rating	A/Stable/A-1
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#### Oberbank AG

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Issuer Credit Rating	A/Negative/A-1
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Resolution Counterparty Rating	A+/-/A-1
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#### Hypo Tirol Bank AG

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Issuer Credit Rating	A/Negative/A-1
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#### UniCredit Bank Austria AG

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Issuer Credit Rating	BBB+/Negative/A-2
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Resolution Counterparty Rating	A-/-/A-2
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#### Oberoesterreichische Landesbank AG

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Issuer Credit Rating	A+/Negative/A-1
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#### Hypo Vorarlberg Bank AG

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Issuer Credit Rating	A+/Negative/A-1
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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at [https://www.standardandpoors.com/en\\_US/web/guest/article/-/view/sourceld/504352](https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceld/504352) Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search

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